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## Viewing cable 09SOFIA343, BULGARIA: GERB FINANCIAL EXPERT HIGHLIGHTS

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09SOFIA343**.

Reference ID	Created	Released	Classification	Origin
<a href="#">09SOFIA343</a>	<a href="#">2009-07-02 10:03</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Sofia</a>

Appears in these articles:

<http://www.bivol.bg/wlbelene.html>

[http://www.capital.bg/politika\\_i\\_ikonomika/bulgaria/2011/04/29/1082317\\_mrusna\\_energiia/](http://www.capital.bg/politika_i_ikonomika/bulgaria/2011/04/29/1082317_mrusna_energiia/)

<http://wlcetral.org/node/1722>

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O 021003Z JUL 09  
FM AMEMBASSY SOFIA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6136  
INFO RUEHBS/USEU BRUSSELS IMMEDIATE  
RUEAIIA/CIA WASHINGTON DC IMMEDIATE  
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RHEBAAA/DEPT OF ENERGY WASHINGTON DC IMMEDIATE  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
RHEFDIA/DIA WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SOFIA 000343

SENSITIVE  
SIPDIS

PASS TO EUR/CE

E.O. 12958: DECL: 06/26/2019  
TAGS: [ECON](#) [PREL](#) [PGOV](#) [BU](#)

SUBJECT: BULGARIA: GERB FINANCIAL EXPERT HIGHLIGHTS  
ECONOMIC PLATFORM

Classified By: Ambassador Nancy McEldowney for reasons 1.4 (b) and (d).

11. (C) SUMMARY: Simeon Dyankov, a World Bank economist and financial advisor to Boyko Borissov's Citizens for the European Development of Bulgaria (GERB), recently presented highlights from GERB's economic plan to a group of foreign diplomats. The platform contains immediate anti-crisis steps -- such as an IMF agreement -- and main measures to diminish the grey economy, to streamline the government, and to reform education, health and energy. A GERB-led government wants an agreement with the IMF as soon as possible, and would maintain the currency board to reassure foreign investors to attract more FDI. GERB plans to restructure the government bureaucracy -- splitting the Ministry of Economy and Energy into two separate ministries and closing down others -- to cut costs and increase government efficiency. GERB also proposes reforming the education, healthcare, and energy sectors. Part of GERB's economic plan is to cut the Belene Nuclear Power Plant (BNPP) project. Dyankov said Belene makes "no sense economically." END SUMMARY.

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DYANKOV'S MISSION  
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12. (C) During a regular meeting of the Bulgarian Club of Economists and Diplomats (CoDe), Simeon Dyankov -- a leading economist on "a leave of absence" from the World Bank -- touched upon the key pillars from GERB's economic program. Dyankov, who some tout as a future GERB Finance Minister also met, also manages the GERB "executive branch strategy" -- putting together teams to work on issues for ministries. GERB has tapped Bulgarian expat professionals to return and advise GERB on all policies. He has three main tasks in advising GERB: 1) finalizing their anti-crisis/economic measures; 2) advising on forming an economic team; 3) coordinating and implementing a "package of 30 measures" with specific changes to laws and to implement policies. The GERB economic plan makes no promises but has identified measures to fix unemployment (short term) and investing in education (long term). Dyankov threw out some names of the GERB "economic team." Bisser Boev (former Economedia group chief) will be responsible for regulation and foreign investment problems. Vladi Binarov will deal with the budget and customs. Rossen Plamediev (a developer of Sofia Business Park and Treasurer of the AmCham board) will advise on Regional Development and Transportation. GERB's EU Funds team will feature lots of professionals with experience in Brussels.

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IMMEDIATE STEPS FOR ECONOMY/MAIN MEASURES  
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13. (C) Dyankov told us GERB will keep the currency board -- a signal for investors that the lev is stable -- until Bulgaria enters the Eurozone. GERB will also commit to an agreement with the International Monetary Fund (IMF) for a future loan to counter risks arising from a possible 4-4.5 billion lev budget deficit. GERB has a letter to the IMF "waiting to go" requesting an IMF Plan. He added that GERB will actualize the current 2009 budget (streamline budget expenditures). Dyankov had reviewed the current budget and was surprised at the waste, saying that there is government debt in places where it is not even reported. GERB will cut the next (2010) budget, and cut government payroll taxes 5 percent. Other main measures in the GERB economic portfolio include: diminishing a share of the grey economy by electronically connecting customs and the National Revenue Agency, introducing a short VAT return period with reciprocal obligations for businesses and the state; optimizing public administration; and ensuring efficient EU funds utilization by a new project development system with better management and oversight.

14. (C) Dyankov said that GERB plans to restructure the government bureaucracy -- by closing down or merging inefficient ministries -- to cut costs. GERB will add a "Youth and Sports" ministry, but cut State Administration,

Disasters/Emergency Management. The Economy and Energy Ministry will be split into two separate ministries. The Ministry of Environment could be incorporated into Energy or Agriculture. The Tourism Administration and Invest Bulgaria would be folded into Economy, as may EU funds coordination. The Ministry of Foreign Affairs will absorb the European Integration Ministry. All concessions may be handled of one ministry. Dyankov prefers that all state enterprises (380 state enterprises with ties to different ministries) will be consolidated into one mega state holding. The Bulgarian Energy Holding (BEH) will also have a different structure, and may be included into the mega holding. The Concession Law will be changed to create a "Concession Agency" to handle all government concessions. Dyankov stressed that GERB will have professionals, not bureaucrats running the ministries.

15. (C) Dyankov said that the Education Ministry's budget will not face cuts because the Bulgarian education system is in desperate need of reform. The current government's higher-education reform package is "very good." GERB would likely try to push that package through the next parliament and then focus on primary and secondary education. The healthcare sector is by far the worst off of all the ministries and sectors in the country. The healthcare situation is so bad that no one -- experts and politicians alike -- knows where to begin or how to fix the problems. Nevertheless, he suggested that they begin by cutting the waste and trying to instill fiscal discipline in the sector (and the budget). In addition to separating the Energy ministry, Dyankov targeted improving the overall energy infrastructure and promoting energy efficiency as Bulgaria is the most energy inefficient EU country. He said GERB would slash government funding for the Belene nuclear project; a GERB government will not support it as it makes no economic or financial sense.

16. (C) COMMENT: Dyankov is quite Americanized. He seemed very optimistic, giving straightforward, no-nonsense presentation of the GERB economic platform. He made no apologies for GERB's decision to finalize an agreement with the IMF or maintaining the currency board to reassure foreign investors and the Bulgarian public, while bashing the BSP-led government for its lack of anti-crisis measures and sustained budget deficit spending in a time of economic crisis. GERB's economic platform is optimistic. Streamlining the government bureaucracy, cutting budget expenditures in 2009 and 2010, and prioritizing Education and healthcare reform, make sense, but will generate political friction, while taking time to deliver results. Much will depend on GERB's strength in the next coalition government. END COMMENT.

17. (C) BIO NOTE: Simeon Dyankov, 39, is the chief economist for Finance and Private Sector at the World Bank group. In his 13 years at the World Bank, he has worked on regional trade agreements in North Africa, enterprise restructuring and privatization in transition economies, corporate governance in East Asia, and regulatory reforms around the world. He is also an expert in anti-crisis measures, and was a principle author of the World Development Report 2002. He holds a Ph.D. in economics from the University of Michigan at Ann Arbor, and has published over 70 articles in academic journals. Dyankov-- originally from Lovich, Bulgaria -- was a former two time national track and field champ. He has lived outside of Bulgaria for the past 20 years, 18 of them living in the United States. His wife also works at the World Bank and is being considered for a job with the Obama Administration. They have two children.

